

# Moving Out Quickly with Performance-Based Management Training

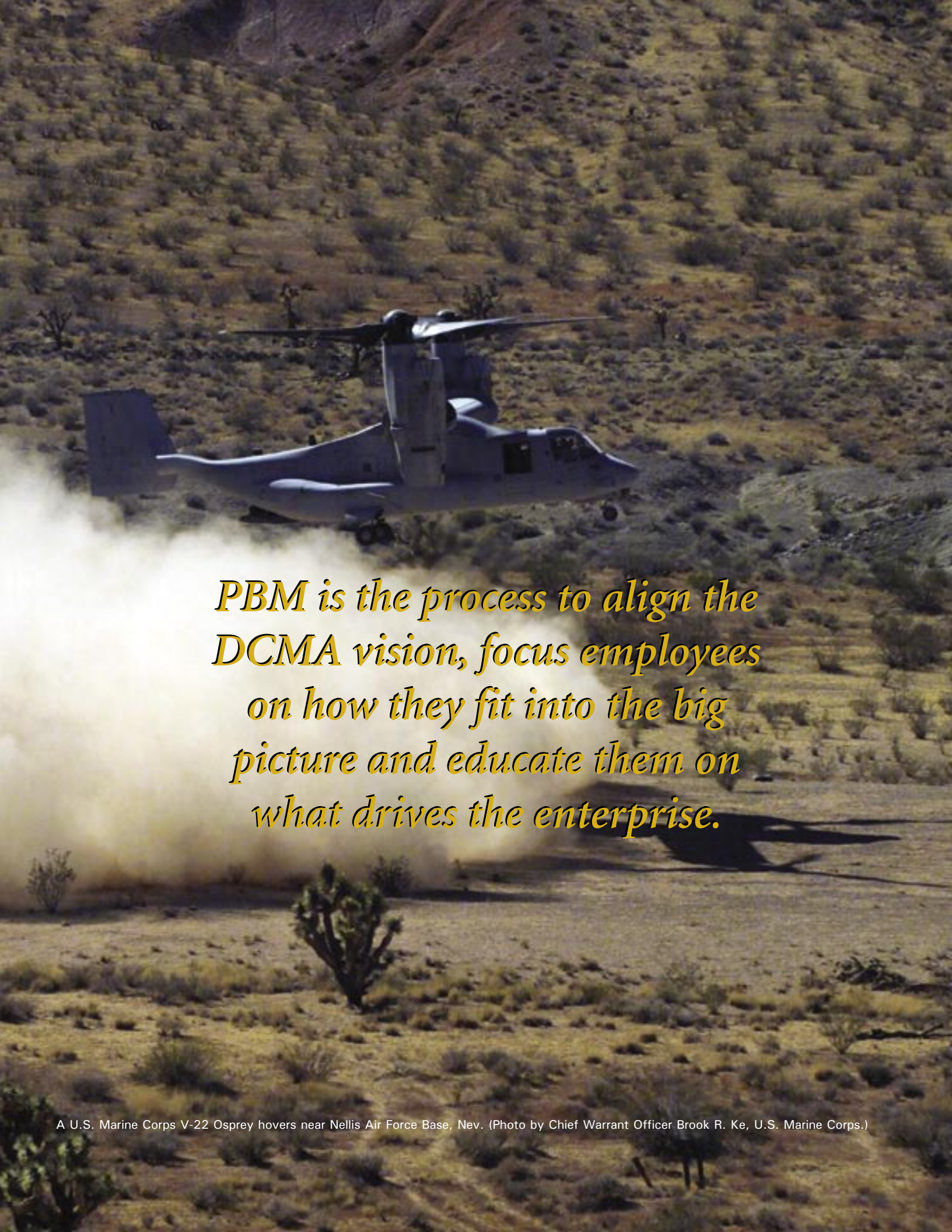
by Mr. Terry Jones, Staff Writer

## DCMA Director Conducts Summer Training and Feedback Sessions

**W**hen Maj. Gen. Darryl A. Scott became the director of DCMA in December 2003, he came to the job with the experience of having been both a DCMA contract management office (CMO) commander and a DCMA customer. In his first weeks as the Agency's director, he was reminded of his customer days when a consultant came into his office and sat in front of him with a stack of handwritten notes on yellow legal paper. "You know what this is?" the consultant asked. The general said, "No. What is it?" "This is all of the stuff you told us you wanted from DCMA when you were a customer," the consultant replied. Maj. Gen. Scott couldn't help but smile at the irony. Now, as the Department of Defense (DoD) senior contract manager responsible for ensuring that acquisition programs, supplies and services are delivered on time, within cost and meeting performance standards, he finds himself in the position where he can help solve the issues he had as a customer. Resolved to do just that, Maj. Gen. Scott is moving DCMA forward with an initiative called Performance-Based Management (PBM). PBM is the process he is using to align the DCMA vision, focus employees on how they fit into the big picture and educate them on what drives the enterprise. It is the Agency's solution for achieving better customer outcomes.

DCMA started down the PBM road two years ago by trying to create a customer-centered culture (C3). As Mr. Stephen Herlihy, Headquarters deputy director of Supplier Risk Management, explains, "C3 was really the first tool DCMA used to begin to articulate customer outcomes. When Maj. Gen. Scott joined the Agency, he said that C3 was a step in the right direction. But he believes that we need to be more analytical and structured in our way of defining outcomes and laying out the path to achieve them." C3 became the precursor to quality function deployment (QFD), a set of tools created to tie product and service design decisions directly to customer wants and needs. QFD is a documented, structured, repeatable and disciplined approach to define customer outcomes and analyze the actions that DCMA can take to best ensure those outcomes are achieved.

In June 2004, DCMA provided a two-day QFD training session for 100 CMO commanders, deputy commanders, program integrators and key staff from both standard CMOs and subordinate offices or "streamlined CMOs." According to Mr. Herlihy, "At the end of the training we asked them to go back, look at those programs and see where they stood in defining customer outcomes, then map out what they could do to support those outcomes." After six weeks, on July 30, 2004, Maj.

A U.S. Marine Corps V-22 Osprey helicopter is shown in flight, hovering over a desert landscape. The helicopter is white with dark markings and is kicking up a large cloud of dust from the ground. The background consists of dry, hilly terrain with sparse vegetation. The text is overlaid on the lower half of the image.

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Gen. Scott called the 100 participants back for a feedback session to determine their progress in implementing PBM in the selection of programs.

Originally developed by a Japanese shipbuilding company in the early 1970s, QFD fuses the needs and wants of the customer with design, development, manufacturing and service functions. Organizations, including DoD and many of its suppliers, use QFD to root out the customers' spoken and unspoken needs and then translate them into actions to achieve a common goal. "But we are not trying to sell QFD as the panacea of performance management," said Ms. Rhonda Miller, Headquarters performance advocate. "This is just one of the tools you can put in your basket to better communicate with your customers and translate their needs into outcomes."

One of the objectives of the QFD workshops was to get CMO leadership to understand how QFD can be used as a tool for PBM. The other objective was to bring together multiple CMOs supporting a program so that they could discuss the ways in which they collectively support customer outcomes. "We felt that by bringing the Supporting Program Integrator (SPI) network together in a workshop environment, they could identify how they support each other and how they each support the customer," said Mr. Scott Clemons, contract specialist in Headquarters Supplier Risk Management.

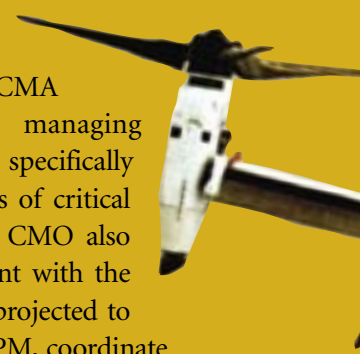
QFD training is an important step in DCMA's transformation to a PBM organization. During the feedback session, the 100 teammates accepted the challenge to reach an agreement with their customers about outcomes and create a system of measurements to determine progress toward

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those outcomes. The V-22 Osprey Program is an example that Maj. Gen. Scott likes to use. The V-22 is a tilt rotor vertical/short takeoff and landing multimission aircraft. One of the program manager's (PM) outcomes was to deliver 18 aircraft in calendar year 2004. The CMO conducted a critical path analysis of the schedule and determined that one of the greatest schedule risks was with government-furnished equipment (GFE) [components or equipment the government has separately contracted with another supplier]. One of the outcomes the CMO negotiated with the PM was for the DCMA specialists who are managing the GFE contracts to specifically track the delivery status of critical GFE components. The CMO also established an agreement with the PM that when GFE is projected to

be late, the CMO will notify the PM, coordinate the transfer of assets from spare inventory and, when spares are not available, assist in the determination of an alternate source. In this example, the CMO is measuring two things: GFE on-time delivery and whether they meet their advanced notification agreement for GFE delinquencies. So here is a customer outcome, a suite of actions DCMA has taken or can take to support that outcome and some measures to determine if the Agency is staying on track.

One of the challenges to be worked through is that there are at least two distinct types of DCMA customers — program offices and buying centers — referred to as inventory control points (ICPs), such as those managed by the Defense Logistics Agency (DLA) and the military services. ICP customers buy thousands of parts with thousands of individual contracts. The problem is that they may have dealings with as many as 60



DCMA CMOs. “It was clear to most of us how you can apply QFD to programs,” Mr. Herlihy said. “However, the application to the buying centers is more difficult. DCMA needs to engage smartly with ICP customers such as DLA’s Defense Supply Center in Richmond, Va., and talk with one voice. It will be necessary to take a different approach and a different strategy to address those two different types of situations. QFD as a tool is more difficult in a many-to-many relationship,” he added. DCMA is looking at different approaches such as Customer Integrator/Customer Support Team relationships to develop a strategic approach for customers at the supply center level.



Another discussion point during the July 30 session was about what Mr. Herlihy called, “joint measures.” When talking about outcomes, it is often hard to distinguish between what the contractor is doing and what DCMA is doing. “If we don’t control something, if we influence it, we should be measuring it to see if we are having a positive influence on it,” Mr. Herlihy said. “Joint measures are fine as long as we ensure that we have an independent view, that we are not just deferring to a contractor measure.” Ms. Miller agreed, adding, “If you are in a joint measure with a contractor and he feels he is at 95 percent and we feel he is at 79 percent, it is our duty to voice our opinion while still working to maintain that relationship with the contractor. We need to be up front with him and have an independent view.”

Finally, the feedback session revealed that everyone in DCMA must recognize that they

are “part of a bigger organization,” according to Mr. Clemons. “You have to support other CMOs as well as the customer,” he said. Maj. Gen. Scott is putting more emphasis on communication to make the relationships work. CMOs should not expect to have all of the capabilities at their level. There are resources such as the Industrial Analysis Center in Philadelphia, Pa., that they can tap into. “A person in the CMO must understand DCMA’s corporate capabilities enough to know that even if he or she cannot answer a particular customer question, DCMA can answer the question,” Mr. Clemons said. “It is the whole of DCMA, the whole enterprise that makes DCMA what it is. Recognizing and leveraging that fact is where we really get our strength.”

The June training and July feedback sessions were so successful that QFD training was conducted again in August 2004 for 100 leadership personnel from additional CMOs. To date, approximately 80 percent of all DCMA CMOs have been represented at the combined QFD training. The feedback session for the August training was held on October 26. DCMA performance advocates are preparing for the next increment, which will be a more intensive QFD train-the-facilitators course. This cadre of facilitators will then be able to help personnel in the field apply the QFD tools.

The major general’s intent is to expand PBM to everything the Agency does. “We want to be at full operating capability (FOC), meaning that we have applied this approach across how we manage our organization and that we have linked performance management back to individual performance assessments, *i.e.*, performance ratings,” Mr. Herlihy said. “Our target for FOC is January 1, 2006, which is the rating cycle after next.”

**(Above)** Soaring high in the sky, this V-22 heads to its final destination. (U.S. Air Force photo.)